

CFL/LS/290/2018-19

November 01, 2018

<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. Tel No.: 022 – 2272 2039/ 37/3121  <b>BSE- Scrip Code: 532938</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051. Tel No.: 022 – 2659 8237/ 38  <b>NSE - Symbol – CAPF</b>
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**Sub:** *Gift of shares by Mr. Vaidyanathan to senior colleagues, close family members, and family support staff.*

**Ref:** *Disclosure under Regulation 7(2) read with Regulation 6(2) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015*

Dear Sir/Madam,

Under disclosure requirements of Regulation 7(2) read with Regulation 6(2) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, we hereby inform you that Mr. V. Vaidyanathan has transferred 4,29,000 fully paid up equity shares of Capital First held by him in his personal capacity to colleagues, near and dear relatives, and personal staff, as a gift, without any consideration.

He has expressed that he is extremely grateful to all people mentioned in the note for building the organisation since practically its start-up stage in 2010, to its current position of strength. The company is now on the threshold of a merger with an existing bank, and such merger is a significant milestone because of access to a bank platform. Hence before the start of the new journey, as an expression of thanks he has gifted 11,000 fully paid up shares to each of the said employees, totalling to 2,86,000 shares of Capital First held by him in his personal capacity.

Mr. V. Vaidyanathan is extremely grateful to his close family members and has transferred to them an aggregate of 1,10,500 fully paid up equity shares. It is clarified by Mr. Vaidyanathan that none of the recipients are his heirs or successors.

Mr. V. Vaidyanathan has also expressed his extreme gratitude to his personal staff and has gifted them an aggregate of 32,500 fully paid up Capital First Shares.

Each of such recipients will pay their taxes as per applicable tax laws.

**Capital First Limited**

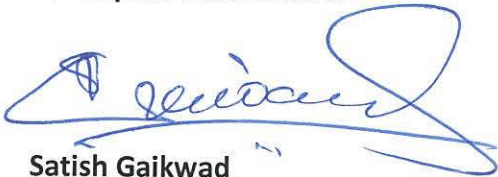
For sake of complete transparency, enclosed herewith a note which was submitted to the Board of Directors at the Meeting held on October 26, 2018 on the said matter, which captures details of the above.

Kindly take the above on record and acknowledge receipt of the same.

Thanking you,

Yours Faithfully,

For Capital First Limited



**Satish Gaikwad**

*Head – Legal, Compliance & Company Secretary*

Encl.: a/a

**Extract of the Board Note placed before the Board of Directors at their meeting held on October 26, 2018.**

The Board is apprised that as of 1<sup>st</sup> January 2018 Mr. V. Vaidyanathan held 45,40,576 fully paid up shares of Capital First. On 16<sup>th</sup> January 2018, he transferred 5,00,000 shares to Rukmani Social Welfare Trust where he is a trustee. The trust has since disposed off 5300 shares and currently has 4,94,700 shares. He currently holds 40,40,576 equity shares in his personal capacity.

The Board is further apprised that out of the 40,40,576 equity shares held by him currently, he proposes to transfer 4,29,000 equity shares to certain individuals, which includes colleagues, some near and dear relatives, and personal household staff as a gift without any consideration, the rationale for which is as explained later in this note. Consequent to this transfer, he will hold 36,11,576 fully paid up equity shares in his personal capacity, and 4,94,700 shares as Trustee of Rukmani Social Welfare Trust in the Company.

He has expressed that when the company was in its start-up stage in 2010, it neither had access debt lines nor had easy access to equity. Moreover during 2010-2013, the macro-economic environment in India was rather disturbed, interest rates were rising, and it was difficult to build a nascent business. Under such circumstances people joined him leaving well-paying jobs, worked hard, conceptualized strategies, introduced many innovations and discovered new lines of business. Based on the contribution and proof of concept produced by the people mentioned, Mr. Vaidyanathan was able to pitch to various private equity players in 2010-2012 to raise equity to back the management of the company. More senior members joined subsequently and all contributed to its success. The business functions, support functions like HR, Finance, Operations and Technology, and control functions like internal audit, credit risk management, operational risk management, security risk management were critical strengths for the organisation.

As it turned out, the company became enormously successful. The Company built a strong foundation, built strong controls, built Rs. 32,000 Cr of Asset Under Management (30 September 2018) and lent to seven million customers across India with strong asset quality. From posting losses of Rs. 29 crore in FY 08 and Rs. 32 crore in FY 09, the Company posted consistently increasing profits, and posted net profit of Rs. 327.4 crores in FY 18. The company received recognition from a large number of independent institutions such as Most Inspirational Management Buyout 2018 by CFI Awards UK, CNBC Asia Most Innovative Company of the Year 2017, Economic Times Game Changer of the Year 2018, Asia Pacific Entrepreneurship Awards 2016 and 2017, Fortune Next 500 2017, Outstanding Contribution to Financial Inclusion 2017, and so on. The company grew in stature with the market capitalization growing multi-fold within six years. Such work was achieved because of the strong contribution of the senior people mentioned.



The company is now on the threshold of a merger with an existing bank, and such merger is a significant milestone because of access to a bank platform. Before the start of the new journey, he has expressed a desire to thank and honour those who have brought it to this strong position, from its start-up position in 2010.

As a token of expressing his gratitude to those who brought us here, Mr. Vaidyanathan has expressed his desire to transfer part of his personal holdings to the said colleagues. The list of colleagues contains three names of those who have left the organisation, but their contribution could not be forgotten.

He has further expressed that his close family members have been an immense source of strength and support during his entire life, through his ups and downs. It is an opportunity for him to thank them for the same by sharing the success. Hence he has desired to transfer a part of his personal stake to his near and dear family members. None of such recipients are his heirs or successors. It is clarified that such transfers are purely for reasons of love and affection and not for any other reason such as tax planning.

He has further expressed that he is grateful to the personal staff of the family who have put in extreme effort over the years and would like to gift them his personal stock for the same as mentioned later in this note.

The Board is further apprised that Mr. Vaidyanathan has informed the Company that the aforesaid proposed transfer by him is on a purely voluntary basis, with reasons and rationale as mentioned above, and there is no other intention for transferring these shares such any tax structuring or any other reason. All recipients will pay the appropriate taxes as applicable.

The said transfer shall take place during the valid trading window period as per the Code of Conduct for Insider Trading of the Company.

The details of the stock being transferred are as follows:

Name	Relationship	Stock Transferred as Gift
<b>Professional Colleagues</b>		
Apul Nayyar	Colleague	11000
Nihal Desai	Colleague	11000
Pankaj Sanklecha	Colleague	11000
Pradeep Natarajan	Colleague	11000
Adrian Andrade	Colleague	11000
Shikha Hora	Colleague	11000

Ashok Patil	Colleague	11000
Jeetinder Diwan	Colleague	11000
Mahesh Dholiya	Colleague	11000
Rahul Jain	Colleague	11000
Rishi Mishra	Colleague	11000
E Narayanan	Colleague	11000
Mahesh Payannavar	Colleague	11000
Saptarshi Bapari	Colleague	11000
Sunil Biyani	Colleague	11000
Swetha Shetty	Colleague	11000
Amitosh Misra	Colleague	11000
Nilesh Doshi	Colleague	11000
Satish Gaikwad	Colleague	11000
Nripendra Singh	Colleague	11000
Sachin Agarwal	Colleague	11000
Daryl Dsouza	Colleague	11000
Rahul Ghule	Colleague	11000
Amit Mande	Former Colleague	11000
Reshma Narang	Former Colleague	11000
Shakil Khan	Former Colleague	11000
<b>Sum Total for professional colleagues</b>		<b>286000</b>
<b>Family</b>		
Group Captain Satyamurthy Vembu	Brother	26000
Krishnamurthy Vembu	Brother	13000
Savitri Krishnamurthy	Sister	13000
Vidya Parameshwaran	Wife's sister	13000
Sangeeta Santosh	Wife's brother's sister	13000
P S Viswanathan	Wife's father	6500
S Krishnamurthy	Wife's maternal uncle	6500
Arun V	Wife's cousin brother	6500
Anil Venkatesh	Wife's cousin brother	6500
K Venkateshwaran	Wife's cousin brother	6500
<b>Sum total for Family</b>		<b>110500</b>
<b>Personal Staff</b>		
M. Selvaraj	Personal driver	6500



Algaswamy	Personal driver	6500
Pranjal Narvekar	Family House-help	6500
Alexia Kerketta	Family House-help	6500
Utkarsha Todankar	Family House-help	6500
<b>Sum Total for Personal Staff</b>		<b>32500</b>
<b>Total</b>		<b>429000</b>

As a matter of good governance, we are placing this proposal of Mr. Vaidyanathan to gift shares before the Board. We request the Board to kindly consider and approve the same.

Based on the above, the Board considered and approved the said proposal.

